

Message Text

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12

ACTION NEA-16

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 0210

INFO AMEMBASSY BEIRUT

AMEMBASSY MANAMA

UNCLAS KUWAIT 2927

EO 11652: NA

TAGS: ELAB, KU

SUBJ: KUWAIT BANK STRIKE SETTLED

REF: KUWAIT 2558

1. KUWAIT BANK LABOR DISPUTE REPORTED REFTEL WAS FINALLY SETTLED WITH SIGNING OF AGREEMENT JULY 8 BETWEEN BANK WORKERS UNION AND BANK MANAGEMENT COMMITTEE.

2. STRIKE ACTUALLY ENDED SHORTLY AFTER SENDING REFTEL WHEN STRIKERS AGREED RETURN TO WORK JUNE 20, ACCEPTING GOK PROMISE THAT SATISFACTORY SETTLEMENT WOULD BE REACHED WITHIN TWO OR THREE WEEKS. THEN ENSUED FURTHER BARGAINING WITH GOK ACTIVELY ACTING AS MIDDLEMAN. INITIAL UNION WAGE DEMAND WAS FOR INCREASES UP TO EIGHTY PERCENT, WITH MANAGEMENT INITIALLY OFFERING UP TO TWENTY PERCENT. FINAL WAGE SETTLEMENT WAS AGREED JULY 1 AND CONTINUES TO APPLY THE KUWAITI VS NON-KUWAITI DOUBLE STANDARD. MARRIED KUWAITIS RECEIVE INCREASE OF 40 PERCENT ON FIRST HUNDRED DINARS SALARY, 25 PERCENT ON SECOND HUNDRED, 15 PERCENT ON THIRD HUNDRED AND FIVE PERCENT ON REMAINDER. UNMARRIED KUWAITIS AND ALL NON-KUWAITIS RECEIVE 35 PERCENT ON FIRST HUNDRED DINARS, 20 PERCENT ON SECOND HUNDRED, 10 PERCENT ON THIRD HUNDRED AND FIVE PERCENT ON REMAINDER.

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3. FINAL SETTLEMENT OF DISPUTE WAS HELD UP OVER QUESTION OF BONUS PAYMENT. MANAGEMENT WANTED TO CALCULATE NORMAL 15 PERCENT ANNUAL BONUS ON BASIS PREVIOUS SALARIES, WITH UNION HOLDING OUT TO CALCULATE BONUS ON BASIS NEW SALARIES. AGREEMENT AS SIGNED JULY 8 STIPULATES CALCULATION BASED ON NEW SALARY. AGREEMENT RETROACTIVE TO JANUARY FIRST, 1974.

4. COMMENT: IT IS INTERESTING TO NOTE THAT EARLIER SOLIDARITY AMONG KUWAITI AND NON-KUWAITI EMPLOYEES SEEMS TO HAVE CRACKED SLIGHTLY. WE ALSO UNDERSTAND AN UNWRITTEN PART OF THE AGREEMENT WAS THAT MANAGEMENT AGREED MAKE MORE EFFORT PLACE KUWAITIS IN MORE RESPONSIBLE POSITIONS.

5. THIS AGREEMENT, ESPECIALLY ITS RETROACTIVE DATE, COUPLED WITH EARLIER ANNOUNCED GOVERNMENT PAY INCREASE, CREATES ADDITIONAL PRESSURE FOR GENERAL WAGE INCREASES IN OTHER SECTORS, ALTHOUGH BANK EMPLOYEES WERE LOWEST PAID WORKERS IN KUWAIT. WE UNDERSTAND NEGOTIATIONS CURRENTLY UNDER WAY BETWEEN OIL COMPANIES AND THEIR UNIONS OVER NEW WAGE SCALES. KUWAIT NATIONAL PETROLEUM COMPANY UNION HAS DECLARED A STALEMATE IN NEGOTIATIONS WITH KNPC (ALTHOUGH A KEY ISSUE APPEARS BE IMPLEMENTATION OF AN EARLIER AGREEMENT, RATHER THAN CURRENT WAGE NEGOTIATIONS) AND HAS CALLED A GENERAL MEMBERSHIP MEETING FOR JULY 14.
STOLTZFUS

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